

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 SWF-02 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

CIEP-02 SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01

OMB-01 PA-04 PRS-01 USIA-15 DRC-01 /151 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6849

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC, ETRD

SUBJECT: EC SUBSIDIES ON POULTRY AND OTHER AGRICULTURAL PRODUCTS

REF: A. EC BRUSSELS 2778, B. EC BRUSSELS 2779, C. TOFAS 93,

D. TOFAS 92, E. TOFAS 93, F. BONN 7349

1. AS INDICATED IN REFTELS, THE EUROPEAN COMMUNITY HAS RECENTLY
QUADRUPLED EXPORT SUBSIDIES FOR BROILERS TO DEAL WITH AN INTERNAL
SURPLUS. THESE INCREASES, WHICH RAISE THE SUBSIDY ON VARIOUS BROILER

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CATEGORIES TO 12 UNITS OF ACCOUNT PER 100 KILOS FROM THE PREVIOUS

2.55 TO 3.26 UNITS OF ACCOUNT, FOLLOWED A DECLINE IN THESE SUBSIDIES OVER THE LAST SEVERAL MONTHS.

2. THE MISSION IS NOT IN A POSITION TO JUDGE THE EFFECT THESE SUBSIDIES WILL HAVE ON U.S. POULTRY EXPORTS. (IT WOULD APPRECIATE WASHINGTON'S ASSESSMENT). HOWEVER, WE HAVE DRAWN THE ATTENTION OF FRANKLIN (DEPUTY DIRECTOR GENERAL IN THE COMMISSION'S DIRECTORATE FOR AGRICULTURE) TO THE POSSIBLY HARMFUL EFFECTS OF THE NEW EC POULTRY EXPORT SUBSIDIES ON U.S. POULTRY EXPORTS. FRANKLIN REQUESTED THAT WE KEEP HIM INFORMED OF ANY INSTANCES WHERE THE NEW EC POULTRY EXPORT SUBSIDIES MIGHT HURT U.S. TRADE. HE SAID THAT THE COMMISSION WOULD USE ITS BEST ENDEAVORS TO AVOID SUCH OCCURENCES.

3. WE HAVE ALSO REPORTED INCREASES IN EC EXPORT SUBSIDIES ON BEEF AND CERTAIN FRUITS (E.G. LEMONS AND WALNUTS). IF WORLD WHEAT PRICES FALL BELOW THE EC'S THRESHOLD PRICES, THERE WILL BE STRONG PRESSURE ON THE COMMISSION TO REINSTITUTE EXPORT SUBSIDIES ON WHEAT AND WHEAT FLOUR AS WELL.

4. THE MISSION PROPOSES TO CONTINUE TO POINT OUT, AS APPROPRIATE, IN ITS CONTACTS WITH THE COMMISSION, OUR OPPOSITION TO EXPORT SUBSIDIES IN GENERAL--AND POULTRY SUBSIDIES IN PARTICULAR---AND THE UNDESIRABILITY OF SUCH MEASURES ON THE EVE OF THE MULTILATERAL TRADE NEGOTIATIONS, IN WHICH EXPORT SUBSIDIZATION IS LIKELY TO BE AN IMPORTANT SUBJECT. GREENWALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, POULTRY, PRICES, EXPORT SUBSIDIES, STOCKPILES, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ECBRU02965
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740115-0523
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740558/aaaabzvp.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. EC BRUSSELS 2778, B. EC BRUSSELS, 2779, C. TOFAS 93
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2002 by cunninfx>; APPROVED <12 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC SUBSIDIES ON POULTRY AND OTHER AGRICULTURAL PRODUCTS
TAGS: EAGR, ETRD, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005